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## ART. X. — CONTEMPORARY LITERATURE.

1. — *The Wages Question: A Treatise on Wages and the Wages Class.*  
By FRANCIS A. WALKER. New York: Henry Holt & Co. 8vo. pp.  
432. 1876.

IN the work which we have before us Professor Walker has undertaken something more than a mere monograph on a single topic in political economy. Wages and profits are, as it were, the two unknown quantities in the problem of distribution, and to determine one is to solve the problem. In arriving at this result, however, no condition of the case can be safely neglected, and we accordingly find our author reviewing a large part of the fields of production and distribution in his investigation of the philosophy of wages. The issue of the undertaking is of great interest. The subject itself is of especial moment at this juncture, and the author commands attention from his recognized capacity for the examination of industrial questions, his thorough command of statistical knowledge, and his unusual acquaintance with the literature bearing upon his inquiry. That his sympathy with the classes dependent on wages is warm does not necessarily detract from the usefulness of his work, for as imagination has its place in the investigations of physical science, so may sympathy and imagination by possibility lead the way more rapidly than logic in a moral science which deals with the passions, the well-being, and the hopes of men.

It is to be noted at the outset that the title of Professor Walker's book is significant. The "wages question" in his view is not the equivalent of the labor question; the "wages class" is something less than the laboring class. He excludes from consideration, in fact, all the vast body of men who work on their own account, however humble the scale, in agriculture or in manufactures, all who work upon shares, and all who are employed in domestic labor, or otherwise in rendering services and not in production. The class of laborers for wages remaining after these exclusions is still large enough to make the author's inquiry one of capital importance; "of the eighty millions of English-speaking people, three fourths probably, two thirds certainly, subsist on wages." Nevertheless, this limitation of the inquiry appears to us to make any sound conclusion matter of chance instead of certainty. The influences determining the wages of the agricultural laborer in France cannot be fully stated without reference to the condition and success of the peasant farmer by his side, nor can those affecting the general labor-market of the United States be explained

irrespective of the employment of one million persons as domestic servants in this country. That our author has not found himself severely pressed by the difficulty which these cases illustrate is in our opinion due to the fact that he has stopped short in his inquiry as to the fundamental principles which determine wages.

The first step in this inquiry is one for which many of our readers are prepared by the author's vigorous attack upon the wages-fund doctrine in this Review for January, 1875. It is difficult to say whether this doctrine has suffered most from its enemies or from its friends. The former appear to us to have consistently misstated it for the purpose of refutation, by importing into it an element of rigidity, we might almost say of predestination, which we do not find in Mr. Mill's original statement of it nor believe to have been recognized as a part of it by most of those who have accepted or now maintain it. And, on the other hand, the friends of the doctrine have often used it as a convenient formula, in a subject where any formula is apt to be a snare, and have summarily referred to it as if it were an ultimate cause, precluding the necessity of further inquiry, when it is in itself but the resultant, the expressed outcome of the causes which are the real subject of investigation. We have always regarded Professor Fawcett as a serious offender in this respect; but the offences of all others are trivial in comparison with that of Mr. Mill himself, in making what Professor Walker cites as "an excellent summary of the doctrine," twenty years after its original enunciation:—

"There is supposed to be, at any given instant, a sum of wealth which is unconditionally devoted to the payment of wages. This sum is not regarded as unalterable, for it is augmented by savings and increases with the progress of wealth; but it is reckoned upon as at any given moment a predetermined amount. More than that amount it is assumed that the wages-receiving class cannot possibly divide among them; that amount, and no less, they cannot but obtain. So that the sum to be divided being fixed, the wages of each depend solely on the divisor,—the number of participants."—*Fortnightly Review*, May, 1869.

To the doctrine in this form Mr. Thornton's appeal to the consciousness of employers as to the "predetermination" of the wealth in their hands would seem to be a triumphant answer. Indeed, if Mr. Mill himself had originally understood it in this sense, he could not have failed to give to the wages-fund a far more important place than it actually holds in his treatise. The real scope of the doctrine as it stands there cannot be stated better, we believe, than it has been by Professor Cairnes:—

"I believe that, in the existing state of the national wealth, the character of Englishmen being what it is, a certain prospect of profit will 'determine' a

certain proportion of this wealth to productive investment ; that the amount thus 'determined' will increase as the field for investment is extended, and that it will not increase beyond what this field can find employment for at that rate of profit which satisfies English commercial expectation. Further, I believe, that, investment thus taking place, the form which it shall assume will be 'determined' by the nature of the national industries,— 'determined,' not under acts of Parliament, or in virtue of any physical law, but through the influence of the investor's interests ; while this, the form of the investment, will again 'determine' the proportion of the whole capital, which shall be paid as wages to laborers."—*Leading Principles of Political Economy*, p. 185.

In other words, the means of purchase and the motives acting upon the minds of employers jointly determine the effective demand for labor, as the means of purchase and the play of motives determine the effective demand for a commodity. This gives us no short-hand formula for the solution of the wages question. Indeed, if the wages-fund doctrine had been left in this form and had not been distorted by many who have maintained it, we may doubt whether it would have led to much discussion ; for, to quote again from Professor Cairnes, "it must be freely confessed that it contains no solution of the wages problem ; it is not a solution, but a statement of that problem." At any rate, in this form it is proof against the objections generally brought forward, and also, we believe, against those raised by Professor Walker, if it be granted that labor is supported and wages paid from capital.

But at this point we are brought to the second step in Professor Walker's reasoning, by his denial that wages are paid out of capital, or that the wages-fund of accumulated capital creates the effective demand for labor. On the contrary, he maintains that the product of the labor itself constitutes the real means of payment. "I hold," he says, "that wages are, in a philosophical view of the subject, paid out of the product of present industry, and hence that production furnishes the true measure of wages." True it is that "wages are to a very considerable degree in all communities *advanced* out of capital," and in rich countries "very generally, if not universally, so advanced"; yet it is "production out of which they are finally paid, to which we must look for their true measure." (p. 131.) But what is meant by the "true measure" of wages ? Is it the measure which determines how much the employer *might* pay and still receive his fair profit,— the measure which determines possible, equitable wages,— or is it the measure which determines actual wages ? If the former, we may concede at once that the hopes of both employer and laborer are bounded by the possibilities of the product, and that the utmost hope of the latter is measured by the claim which he can present for becoming a partner in these possibilities.

But Professor Walker seems to treat the product as affording a measure of actual wages, as in the following passage :—

“It is the prospect of a profit in production which determines the employer to hire laborers ; it is the anticipated value of the product which determines how much he can pay them. The product, then, and not capital, furnishes at once the motive to employment and the measure of wages. If this be so, the whole wage-fund theory falls, for it is built on the assumption that capital furnishes the measure of wages ; that the wage-fund is no larger because capital is no larger, and that the only way to increase the aggregate amount which can be paid in wages is to increase capital.” — (p. 144.)

Inviting attention to the easy transition made in the above extract from “the anticipated value of the product” to the product itself as the determining element, we must conclude from the reference to the wages-fund theory that Professor Walker intends to point to the product as being the true measure of the wages which actually are paid, in the same sense as the wages-fund is held to be by his opponents. This is equivalent to maintaining that the wages enjoyed by the laboring class during the present year are measured by the product which is ultimately to appear as the result of the year's operations, — a proposition to which we are not at present prepared to assent. In one respect, indeed, Professor Walker's doctrine brings him to an unexpected conclusion :—

“Wages still have their measure and their limits, and no increase can take place without a strictly economical cause. Wages cannot be larger than the product except by force of pre-existing contract. Wages must, in the long run, be less than the product by enough to give the capitalist his due returns, and the employer his living profits.” (p. 410.)

The measure of wages thus described has something more than a family resemblance to the wages-fund ; it is the wages-fund itself, replenished from the product instead of from pre-existing capital.

Having found the measure and limit of wages in the product, the next point in the logical order of Professor Walker's inquiry is “the problem of distribution.” Here our author's general conclusions seem to us to be fairly stated in the following extract :—

“If, then, the political economist finds the obstructions besetting the resort to the best market, existing in the present condition of industrial society, to be, in fact, serious, is he not bound to abandon a rule of conduct based on the assumption of a competition so general that it may for practical purposes be deemed universal, and to study critically the condition of the several classes of persons making claims on the product of industry, with a view to ascertain what help can be brought from the outside, in the absence of any reparative virtue in industrial causes, to supply the deficiencies of competition ? Failing to find

relief in economical forces, he will look away to moral forces to achieve the emancipation of the economically oppressed classes, not by taking them out from under the operation of economical laws, for that is impossible, but by providing the conditions (intelligence, frugality, sobriety, political franchises, and social ambitions) which will secure that mobility, that easy, quick, and sure resort to market, which alone is needed to give scope and sway to the beneficent agencies of competition. Fortunately he may look with confidence to see this amelioration coincide with a continued increase in the productive power of labor, due to fresh advances in the arts and sciences, which will facilitate the upward movement." (p. 171.)

In effect, then, Professor Walker's conclusion is that the solution of the wages question is to be found in perfect competition. Political economists are censured for an assumption that competition is practically universal; moral forces are invoked — properly, but not now for the first time — to secure the complete mobility of labor, which is the condition of perfect competition; elsewhere legislative action for the same end is strongly justified; and the results of such competition are declared to be beneficent and sufficient. The author has little faith in co-operation; but he attaches, as we believe, excessive importance to the gain to be expected from the extinguishment of the *entrepreneur* or employer class, who often intervene between the owners of capital and laborers, and in general finds his philosophy of wages in a competition as practically free and complete on the side of the employed as on that of the employer. How then does this differ from the ordinary philosophy on the same topic, except that the agency which he charges the economists with assuming to be universal,\* he would make universal, and its operation, assumed to be unimpeded, he would make complete? So far as the process of distribution is concerned, he justly contemplates the perfection of that process, the operation of which is traced, no doubt inadequately, in "the doctrine of the schools." But Professor Walker has not himself traced the operation of competition as the agency of distribution with any completeness. Had he done so, he would have found a fatal obstacle to his progress in the preliminary limitation of his field, which we have already pointed out.

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\* Mr. Mill's chapter on "Competition and Custom" (Principles of Political Economy, Book II. Ch. IV.) contains an instructive statement of the real nature of this assumption and of the consequently necessary correction to be made in applying any general economic principle to actual cases. Professor Cairnes, in his so-called "theory of non-competing groups," investigates the practical failure of competition over a large part of the industrial area, and the consequently modified form in which the action of general principles is exhibited in real life. This "theory" Professor Walker subjects to some criticism, but we are unable to find any substantial divergence between his views and those of Professor Cairnes in this respect.

But the agency in distribution being the same in Professor Walker's philosophy as in the old, does he differ as to the result, the point to which the ultimate tendencies of the whole social movement are directed, or what we may call the economic destiny of man? Notwithstanding some criticisms of detail, we understand Professor Walker to accept Ricardo's law of diminishing returns from the soil and the Malthusian law of population, — the cardinal points on which the modern system of political economy hinges. Applying these laws in that state of complete competition which he aims at and others are said to assume, can he help coming to the same conclusions as to the ultimate condition of society, and of the wages-class as one of its constituent parts? If not, — and it is hard to see where he can logically diverge from the line taken, for example, by Mr. Mill, — then we must conclude that neither in its process nor in its economic result does his philosophy of wages present anything substantially new.

It is, however, in our opinion, no disparagement of Professor Walker's book to say that it gives no really new solution of the wages question. That question probably has a long life before it. But in his attack upon it the author has made a contribution to economic literature of great value. As a statement of the actual conditions which affect the well-being and independence of the class of laborers for wages, of the causes which impede a complete and free competition on their part, and of the important position which moral influences hold among economic agencies, his work is systematic, original, and strong. As a repository of facts collected from a wide range and of considerations drawn from actual observation, it is of too much consequence to be neglected by any one who hopes to make a thorough study of the main question. Our present limits have obliged us to confine ourselves to a brief notice of the general theoretical bearing of the book, and we regret our inability to give to it in its practical aspects that more extended examination, which its great intrinsic value and the interesting special topics discussed by it alike merit.

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2. — *Functions of the Brain.* By DAVID FERRIER, M. D., F. R. S. New York : G. P. Putnam's Sons. 1876. 8vo. pp. xv, 323.

THIS is a remarkable work. Upon scientific evidence, it tries to show that definite parts of the brain are distinct centres of movement, sensation, and ideation. It therefore makes an epoch in science, and the English speaker is proud of the fact that a book which will be read by the world appears in his language. His experiments are simply marvellous.